

bed at Lenox Hill Hospital in New York, where he was recuperating from back surgery. He later remarked to the New York Times that his back condition was due to carrying an infantryman's rifle during World War II and the weight of the state budget on his back for two terms as Governor.

So it was fitting indeed that on the same day that Governor Carey's efforts to honor veterans of the Second World War reached fruition, a grateful ally took the occasion to honor him.

Mr. President, I salute my gallant friend Gov. Hugh Carey on this great and richly deserved honor, and I ask unanimous consent that the tribute by Brig. Gen. Gerard de Bastier and other material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE PRESENTATION OF THE CROIX DE GUERRE  
WITH SILVER STAR TO GOVERNOR HUGH L.  
CAREY

On this Veterans Day, November 11, 1995, Governor Hugh L. Carey receives one of France's most esteemed military medals. Brigadier General Gérard de Bastier, Defense and Air Attache to the French Embassy, presents Governor Carey with the medal he earned more than fifty years ago for his valor in World War II. Governor Carey is cited for this distinguished military decoration for his efforts in leading a patrol to free French citizens, imprisoned near the Elbe River by German SS Guards, who were unaware that Germany had officially surrendered days before, in May of 1945. Governor Carey's patrol came upon the German soldiers and their prisoners unexpectedly, and a fight broke out. After Governor Carey's patrol overtook the group, they discovered many other prisoners who had been held by Germany since the beginning of the war. Encampments totaling thirty-five thousand French prisoners, both military and civilians, were eventually found by the Allies.

In 1939, Governor Carey enlisted in the New York National Guard as a Private in the 101st Cavalry, Squadron C. As a Major in the 104th Infantry Division, known as the "Timberwolves," he served as the S-3 in the Regimental command of the 415th Infantry Regiment. The 104th Infantry Division was the first American Division to land directly on the European continent in Normandy without first going to England. The 415th Infantry Regiment's debarkation at Utah Beach began on September 7, 1944, while the other units of the Division debarked at the Cherbourg harbor. Some of the first duties of the Division included supplementing the Red Ball Express to expedite the supplies to the front and to guard the supply lines from Cherbourg to Paris.

Governor Carey served with the Timberwolf Division in its hard fought, ten-month campaign across Northern France and Holland, leading some of the first American troops across the Rhine, and effected the liberation of the Nordhausen concentration camp. A recipient of the Combat Infantryman's Award and the Bronze Star with Oak Leaf Clusters, as well as the Croix de Guerre with Silver Star, he left active duty with the rank of Colonel.

After his distinguished service in World War II, Governor Carey further served his country as a Member of the U.S. House of Representatives and as Governor of the State of New York.

Earlier today, President Clinton dedicated the site for the World War II Memorial to be

built on the Mall in Washington, D.C. Governor Carey is a Commissioner of the American Battle Monuments Commission, and he has been an ardent supporter of the memorial, recently approved by Congress. Governor Carey has represented the United States at events commemorating the 50th anniversary of the end of World War II. His family, friends, and colleagues salute Governor Hugh L. Carey for the honor he receives today from the Republic of France and for his exceptional contributions to the United States of America.

REMARKS OF BRIG. GEN. GÉRARD DE BASTIER

Governor Carey, Governors, Commissioners, ladies and gentlemen:

Today is the date of a very important anniversary in the memories of our nations, which gives a special meaning to this ceremony taking place right after the dedication of the World War II memorial site.

It is a great honor and privilege to be with you today to honor Governor Carey in recognition of his outstanding service during World War II.

I would like to start by saying a few words about Governor Carey's career.

You were born in Brooklyn, maybe just a few years before me! And were graduated from St. Johns' University Law School with the degree of juris doctor.

In 1939, you enlisted as a private in the 101st Cavalry of the New York National Guard. You were later sent to Europe with the 104th Infantry Division known as the Timber Wolves. This division was the first American division to land on the European Continent without first going through England.

After your exceptional campaign in France, you had an outstanding career in civilian and political areas, and you served on various boards.

Finally, in 1993, President Clinton appointed you to the American Battle Monuments Commission, and I should also mention that you represented the United States at various ceremonies commemorating the end of World War II.

The ties between our two countries have always been strong despite our differences, and we have been together, along the road since your revolutionary war. Last month, we celebrated together the battle of Yorktown with the names of General Rochambeau and Admiral De Grasse engraved in our memories.

I was born in 1945, and did not witness the war, but my childhood was filled with stories from my parents recounting the time when the U.S. military headquarters were set up near their house in Marseilles, after the U.S. landing on the Riviera (the "Côte d'Azur").

Governor Carey, you were in Europe in 1944, fighting for the freedom of our nations.

The Timberwolf division fought during a ten-month campaign across Northern France and Holland, leading some of the first American troops across the Rhine, and liberated the Nordhausen concentration camp.

You earned this esteemed military decoration for leading a patrol to free French citizens imprisoned near the Elbe River by German SS guards, who were unaware that Germany had officially surrendered days before, in May of 1945. Your patrol came upon the German soldiers and their prisoners unexpectedly, and a fight broke out.

After your patrol overtook the group, you discovered many other prisoners who had been held by Germany since the beginning of the war. Encampments totaling thirty-five thousand French prisoners, both military and civilians were eventually found by the allies.

For these actions, you received the combat infantryman's award and the Bronze Star with Oak Leaf Cluster.

For some unknown reasons, you never received officially the citation awarding you of the Croix de Guerre with Silver Star.

This ceremony is a testimony to the long friendship between our two countries, and it is a great honor for me to present now this award to you.

Today, Colonel Hugh Carey, on behalf of the French defense minister, I am presenting to you the medal of the Croix de Guerre with Silver Star, in recognition of your outstanding services during the operations of the liberation of France. (Paris, le 1er Avril 1946).

THE CROIX DE GUERRE 1939-1945

The War Cross 1939-1945 (Croix de Guerre 1939-1945) was instituted on September 26, 1939 as a decoration for the Second World War. The decoration was conferrable on officers, noncommissioned officers and men of the Armed Forces, citizens of France and foreigners, who had been mentioned in dispatches for acts of exceptional bravery, and in special cases, also on military units, towns and civilians.

The Cross is a Maltese Cross in bronze with crossed swords between the arms of the cross. The obverse medallion bears the symbolic female head of the Republic with the legend "Republique Française" (The French Republic), and the reverse medallion bears the date "1939" or sometimes "1939-1945". The Cross is worn on a red chest riband with four green stripes, which according to the nature of the dispatch, is provided with a palm in bronze or a star in bronze or silver.

CONCERNING LONG-TERM DEFICIT  
IMPLICATIONS OF REPUBLICAN  
TAX CUTS

Mr. MOYNIHAN. Mr. President, just prior to the Thanksgiving recess, the Republican conferees for the budget reconciliation bill agreed to a 7-year deficit reduction plan that included a tax cut purporting to cost \$245 billion. The Democratic conferees were excluded from all deliberations of the conference.

I have previously expressed my concern about tax cuts of this magnitude in the face of annual deficits and the accumulated national debt. The conference agreement falls far short of paying for these cuts—the tax cuts will cause the cumulative deficit to increase over the next 7 years by \$200 billion more than it would without them. We will be forced to borrow to pay for them. When one considers the fact that elsewhere in the Republican budget agreement taxes are being raised on families making \$30,000 or less, we see that there is very curious social policy being advanced as well.

Today, however, I would like to focus on another troubling aspect of these tax cuts. The true cost of the cuts explodes once you get beyond the initial 7 years that are counted for estimation purposes. The cost of several of the tax cuts doubles or triples when you include the 8th, 9th and 10th years, as compared to the first 7. This is no accident. The tax cut provisions are deliberately crafted so that their true costs do not begin to show up until after the initial 7 years. That way, they do not show up in the 7-year plan to balance the budget.

The magnitude of the out year costs can be found in figures provided to me by the Joint Committee on Taxation, dated November 16, 1995. When the majority released their conference agreement on the deficit reduction bill, they provided revenue tables that covered only the first 7 years. I asked the Joint Tax Committee staff to provide figures showing the revenue effect of the tax cuts for an additional 3 years beyond what had previously been disclosed. That is, for the first 10 years after enactment.

What is shown on these 10-year revenue estimates is astonishing.

The analysis provided by the Joint Tax Committee shows that the total cost of the tax cuts starts out at \$245 billion over the first 7 years, but then in the short span of the next 3 years another \$171 billion is added. The average annual revenue loss is about \$35 billion over the first 7 years, but rises to an average of \$57 billion per year for the 3 years after 2002.

Three provisions, in particular, stand out. First, the cost of the capital gains cuts for individuals more than doubles over 10 years, as compared to the cost for the first 7 years—from \$28.8 billion to \$70 billion. Second, the expansion of individual retirement accounts [IRA's] in the bill costs \$11.8 billion over 7 years, but nearly triples to \$32.5 billion when you include the 3 years after 2002. Third, the cost of reductions in the estate tax more than doubles from \$12.3 billion over 7 years to \$25.5 billion over 10 years. Other provisions that show rapid out year growth include the reduction in the marriage penalty on couples filing joint returns and the expansion of the self-employed health insurance deduction.

In part, the explosion in the long-term revenue costs of these tax cuts results from the attempt to hide their true impact, by drafting them so that they do not take full effect until after the 7-year budget window is closed. Possibly the most egregious example is the provision that permits indexing of capital assets. Under this provision, taxpayers can exclude from their taxable income capital gains on qualifying assets resulting from inflation after calendar year 2000. To qualify, an asset generally must be purchased after 2000 and be held for over 3 years. Thus, the revenue cost of indexing does not show up until 2004 and thereafter, that is, conveniently outside the 7-year budget window.

The indexing provision, however, would permit taxpayers to treat assets purchased prior to 2000 as newly purchased assets eligible for indexing if they elect to pay taxes on the appreciation in the assets at the time of the election. This results in a speedup of tax revenues, allowing the Republicans to score about \$10 billion of accelerated tax revenues inside the last 2 years of the budget window.

The 10-year revenue numbers evince an effort by the right to starve the beast—that is, to cut off funding for

the Federal Government. The extreme growth in revenue loss outside the budget window is ominous because the spending reductions in the bill are far from certain to occur. A recent Washington Post editorial entitled "Time Bomb in the Budget" states:

... the deeper the ultimate tax cuts in the plan, the deeper the spending cuts must also be to keep up. And some of these spending cuts are too deep to sustain. The focus in the fight thus far has almost all been on what would happen in the first 7 years of this plan. That's fine, but it makes no sense to solve a problem in that period only to begin to create it all over again immediately thereafter.

Mr. Moynihan's 10-year chart is a useful warning. The government shouldn't be mortgaging its future by cutting taxes that in the long run it will need to fulfill its basic responsibilities.

Mr. President, I ask unanimous consent that the entire text of this editorial be printed in the RECORD, along with another article on this topic from the Washington Post, dated November 23, 1995.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 22, 1995]

#### TIME BOMB IN THE BUDGET

The tax cuts and some of the spending cuts in the Republicans' seven-year package would ultimately be much larger than the official estimates suggest. That's because as they were written their full effect would not be felt until after or near the end of the seven-year period for which the estimates were made.

These delayed-action mechanisms should be an issue in the talks about the begin between the president and Congress. You cannot achieve a better balance between the resources and responsibilities of the government with these slow-developing tax cuts whose long-term effect would be to create a new imbalance. It was known all along that some of the tax cuts in the plan were backloaded. In the House-Senate conference they became much more so. Sen. Daniel Patrick Moynihan asked the staff of the Joint Tax Committee for long-term estimates of how the bill would affect revenue, not just for seven years but for 10. In the 10th year the diminution of revenue caused by these tax cuts would be 75 percent greater than in the seventh year; that's how much of the full cost the tax-writing committees postponed.

Most of the postponement would come in capital gains. The conferees agreed not just to cut the capital gains tax but to begin adjusting gains for inflation, so that when an asset was sold the government would tax only the increase in value in excess of the inflation rate. The inflation adjustments wouldn't begin until the year 2001, however. That and other steps conceal their cost. The tax cut to end the so-called marriage penalty on two-earner couples filing joint returns was also largely delayed until the period 2003 to 2005, and there are other examples.

A lot of the spending cuts in the plan have been backloaded all along as well. Medicaid may be the best example. The cut in projected spending for the full seven years—all seven combined—would be 17 percent; that is the figure most often cited. But it is misleading, because the cuts in the early years would be small and grow progressively larger. By the seventh year the cut on an annual basis would amount to 28 percent.

Nor does even that do justice to what might happen to the program, it turns out.

That's because the conferees also eased the rules governing how much states would have to spend to qualify for their federal funds. If hard-pressed states were to spend the least they could and still qualify for their full federal grants, the federal and state governments together by the seventh year would be spending 35 percent less than under current law.

That would be a devastating cut—but the deeper the ultimate tax cuts in the plan, the deeper the spending cuts must also be to keep up. And some of these spending cuts are too deep to sustain. The focus in the fight thus far has almost all been on what would happen in the first seven years of this plan. That's fine, but it makes no sense to solve a problem in that period only to begin to create it all over again immediately thereafter.

Mr. Moynihan's 10-year chart is a useful warning. The government shouldn't be mortgaging its future by cutting taxes that in the long run it will need to fulfill its basic responsibilities.

[From the Washington Post, Nov. 23, 1995]

#### GOP TAX PLAN COSTS SOAR AFTER BUDGET-BALANCING YEAR

(By Clay Chandler)

A handful of tax provisions in the Republican budget plan explode into huge revenue losers after the 2002—Congress's target year for a balanced budget—threatening prospects for maintaining zero deficits without further spending cuts.

According to projections by the Joint Committee on Taxation, Congress's nonpartisan tax analysis group, the GOP plan would lower federal revenue by an average of about \$35 billion annually between 1996 and 2002. But the average annual revenue loss would jump to \$57 billion in the three subsequent years, according to the agency.

The plan provides \$245 billion in tax breaks over the next seven years and would cost a total of \$416 billion in lost revenue over 10 years, the committee said.

Clinton administration officials and some private budget analysts have seized upon the estimates—which were provided by the Joint Committee on Taxation at the request of the Senate Finance Committee's ranking Democrat, Daniel Patrick Moynihan (N.Y.)—as evidence that the GOP tax proposals were crafted to hide their true cost.

To maintain a balanced budget after 2002, deeper cuts in projected federal spending would be required beyond those outlined in other parts of the reconciliation bill.

A budget plan with a tax cut that would "explode in the last three years of a 10-year period has got to be viewed as an unwise policy decision," Treasury Secretary Robert E. Rubin said at a breakfast meeting with reporters yesterday. He denounced the Republican tax proposals as "enormously out-sized."

President Clinton is expected to veto the legislation.

The GOP plan is riddled with "gimmicks—the sole purpose of which is to mask the true cost of tax breaks in the seven-year period," said the liberal Center for Budget and Policy Priorities in an analysis released Tuesday.

In unveiling their reconciliation package last week, congressional Republicans stressed that the single largest item in their package of tax cuts is a proposal to grant parents a \$500 tax credit for each child.

With the addition of several other proposals—including a reduction in the "marriage penalty" on couples filing joint returns, a credit for parents who adopt, and a deduction for long-term health care—the "pro-family" provisions in the tax package accounted for 73 percent of the total cuts, the Republicans said.

But critics claim the Joint Committee on Taxation's projections show the pro-family component is a much smaller part of the GOP tax cut over the longer term.

And opponents of the GOP plan claim much of the extra revenue loss would come from two items that primarily benefit upper-income families: a proposed cut in the tax rate for capital gains, or income from the sale of stocks, property and other assets; and new incentives for savers using individual retirement accounts (IRAs).

To understand why the cost of the GOP tax cut would rise in the years following 2002, consider the structure of the proposed capital gains tax cut. The reconciliation plan includes an "indexing" provision that would allow investors to subtract from their taxable income capital gains resulting directly from inflation beginning in 2001.

But in its first year, the indexing provision includes what analysts at the Center on Budget and Policy Priorities decry as a "gimmick." It would allow taxpayers to consider assets they already hold as "new" assets eligible for indexing the following year if they pay taxes on their capital gains earned until that point.

The change would yield a one-time-only revenue increase of about \$10 billion in fiscal 2002, the year the budget is supposed to reach balance. But that revenue only represents taxes the Treasury would have claimed the following year. Over the long term, indexing is a big revenue loser, the liberal analysts said.

The Joint Committee's figures suggest revenue loss from all the capital gains tax cuts advocated by Republicans could cut Treasury revenue more than \$100 billion in the seven years after 2005, the liberal analysts said.

Similarly, revenue loss from GOP tax provisions aimed at widening participation in tax-favored IRAs would average about \$1.7 billion between 1996 and 2002, under the GOP reconciliation bill. But in the three years thereafter, revenue loss would snowball, averaging \$6.9 billion each year, the committee estimates.

One reason the IRA provisions might lose revenue at a faster rate after the seven-year budget period is that the GOP bill establishes "back-loaded" IRAs. People who open the new accounts would be taxed on initial contributions, but not on accumulated interest or withdrawals for retirement, new home purchases, education expenses and other uses. In traditional IRAs, the initial contribution is tax-deductible, but withdrawals are taxed.

Analysts expect the withdrawal rate for the new IRAs to increase after 2002, as cash builds up in the accounts and participants tap their tax-free gains for a multitude of uses, including retirement. The tax-free withdrawals cost the Treasury revenue it would have otherwise received if the IRAs were structured the traditional way.

Moreover, the bill gradually allows people with higher incomes to establish the accounts, with the top income level not allowed in until 2007, thus masking the total cost of the new IRAs in the long run.

The GOP plan also includes a four-year "rollover" provision that would allow money in traditional IRAs to be shifted into the new, backloaded accounts, provided the holder pays taxes immediately on current gains. That funnels extra income that would have been collected in the future into Treasury's coffers during the next seven years, thus lowering the apparent cost of the tax benefit.

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

## SENDING TROOPS TO BOSNIA

Mr. THOMAS. I rise, Mr. President, to talk about Bosnia, to talk about the thing that, I guess, is before all of us as American citizens—decisions, some of which, unfortunately, have apparently already been made, but the major decisions are still to be made.

I have thought a lot about this tragedy, as most of us have. Certainly, it has been before us almost nightly on TV, a great deal of discussion about it: some 43 months of war, over 200,000 people killed, a real human tragedy, of course. All of us feel badly about that. I have also had the opportunity to travel there recently. About a month ago, seven of us from the Senate had a chance to go there. I must tell you, I came back no more convinced that we have a role there with ground troops than I did before I left.

I think the idea of inserting 20,000 ground troops is a mistake. There are a number of questions that, I think, the answers to which lead to that conclusion. The basic one, of course, is: What is the national interest? I think that question needs to be asked in each of the kinds of commitments we make—major commitments, particularly of Armed Forces. What is our role throughout the world? There are many places in which there is unrest and tragedy, and there are a number of places in which there is civil war. Is it in our national interest to intercede in each of those, to send 10,000 troops, 20,000 troops? I do not know the answer. But I think not. I do not think it is in our national interest to be the policeman of the world in civil uprisings such as this.

I guess we have to ask ourselves, are we to police regional peace throughout the world wherever it is threatened? Do we have an obligation to secure regional peace throughout the world by sending our troops into these kinds of situations? What is the national interest? What kind of national interest does deserve military attention? I think this is the basic issue. All of the other things we talk about are pretty secondary to that. The President, of course, has not been able to lay out convincingly that interdiction and involvement of 20,000 or 25,000 U.S. troops is indeed in our national interest.

Let us examine some of the administration's concerns and arguments. They have been here in our Committee of Foreign Relations. We had a hearing with the Secretary of Defense and the Secretary of State, as well as the Joint Chiefs of Staff. One of the arguments is that killing is morally wrong. Of course, we all agree with that. But then should we send troops wherever that occurs? Should we be involved each time killing occurs? I think we would be overwhelmed by the number of times that we would saddle up and go to Somalia, Haiti, Rwanda, and endless other places, if killing is in fact the issue of national interest that promotes the sending of 25,000 troops.

We hear that the conflict will expand. Frankly, I have to tell you that I do not believe that is nearly as imperative as it was 43 months ago. My impression, frankly, from being there—and I was only there 4 days, so I am not an expert by any means—as you would imagine, these people are very tired of fighting. They are looking for solutions themselves, as you would imagine they would be. The notion that this is going to expand now if we do not move 25,000 troops in I do not believe is a basis in fact.

We were there going down the street of Sarajevo, and they point out, almost with pride, that there is the bridge where the Grand Duke was shot before the start of World War I. Really, that adds very little to today's expansion of another war. But if you want to look at historic things, in that country, the guerrillas, during World War II, were never chased down. They never surrendered. In that country, in the mountains, these kinds of troops will go on forever, if they choose to. Another is that if we do not intercede at this level, we will then be isolationists in the world and we would be withdrawing from our role of leadership. I cannot imagine that argument, as involved as we are around the world, both in troops, commerce, and trade, and we are involved in all of the organizations that have to do with security, trade, and with the development of international relations. We are isolationists? Give me a break. That is hardly what our activities can be called.

It seems to me that the principal reason the President is pushing as hard as he is, is that 2 years ago, he indicated we would send 25,000 troops. Now it is 20,000. Why not 10,000? Why not 15,000? We spent 4 days there. The first day was with the Unified European Command. I must tell you, I was very proud, as always, of the American troops, who are training to be part of this undertaking. But at that time, they were talking about 25,000 American troops, talking about a total of 90,000 NATO troops, with another 15,000 already there—over 110,000 troops in this area. The Senator from South Carolina just spoke about the agreement. I guess I have to say that if the agreement is one that is agreed to by the warring parties—genuinely agreed to—then you could say, why do you need 90,000 troops to enforce it? If it is not agreed to, then the Secretary of Defense, and others, said we should not be there. You have to fight your way in. If you have to fight to make peace, then that is not our mission. That has been made clear that we will not be there. So there has to be an agreement that has genuine accord. We will see. I hope there is. I think the United States and the State Department have done a great job in bringing together these people to some kind of a peace agreement.

Why is it so important that we have to define the national interest? You hear a lot about being concerned, as we